

General Manager's Report October 14, 2013

GOVERNMENT AFFAIRS UPDATE

FEDERAL

Congress and the White House entered the second week of a government shutdown still deeply at odds, with Republicans proposing on October 8 to recreate a 20 member bipartisan, bicameral "supercommittee" to negotiate the fiscal issues facing the nation. The president summarily disapproved of the idea and said he would negotiate about fiscal issues only after Congress reopens the government and approves a debt ceiling increase with no conditions. Simultaneously, the House continues to pursue its piecemeal approach, passing narrow CRs geared toward reopening the government agency by agency. Thus far, the chamber has passed targeted measures that would provide funding for a variety of accounts ranging from the Food and Drug Administration (FDA) and veterans affairs benefits to the National Institutes of Health (NIH) and Federal Emergency Management Agency (FEMA). Additionally, on October 5, the House unanimously passed legislation that would give back pay to furloughed federal workers. The Senate has yet to act on the bill, but President Obama has expressed support for the measure.

Across the Capitol, Senate Democrats have begun crafting a bill that would provide for a clean increase in the government's borrowing authority. Though, it remains unclear as to whether such a measure could garner the 60 votes necessary to overcome conservative opposition. Also in the upper chamber, Senator Rob Portman (R-OH) is reportedly piecing together a deal that — according to a Senate Republican aide — could win support from both sides of the aisle. Under the proposal, which is evidently still in the early stages and has yet to be unveiled, the president and Democrats would get a full-year funding bill (as opposed to a short-term extension that would lead to another fiscal debate in November or December). And, in exchange, Republicans would lock in spending cuts (sequester) that are currently in place and which Democrats want to eliminate. Additionally, the package would net \$600 billion in savings over 10 years by enacting reforms to mandatory spending (Social Security, Medicare, etc.) found in the president's budget request. Finally, the compromise would likely include language instructing tax-writing committees to reform the U.S. tax code in some significant way. The aide has stated that talks are ongoing with Republican senators as well as several Democrats, but Senator Portman has not provided a timeline for when his plan might be formally introduced.

With the October 17 deadline approaching to increase the federal debt ceiling, on October 3, the U.S. Department of the Treasury released a report on the potential macroeconomic effects of debt ceiling brinksmanship. The report states that a default would be unprecedented and has the potential to be catastrophic: credit markets could freeze, the value of the dollar could plummet, and U.S. interest rates could skyrocket, potentially resulting in a financial crisis and recession that could echo the events of 2008 or worse. By looking at the disruptions to financial markets that ensued in 2011, the report examines a variety of economic indicators — including consumer and small business confidence, stock price volatility, credit risk spreads, and mortgage spreads — through which a similar episode might harm the economic expansion. The report also notes that if the current government shutdown is protracted, it could make the

U.S. economy even more susceptible to the adverse effects from a debt ceiling impasse than it was prior to the shutdown.

Senator Barbara Boxer (D-CA), Chairman of the Environment and Public Works Committee, was joined by representatives from several organizations to highlight impacts of the shutdown of the federal government. The speakers discussed how critical services, including the cleanup of toxic waste sites, the operation of wildlife refuges, investment in the transportation sector, and the investigation and prevention of chemical explosions and disasters, are being negatively affected by the shutdown. It was reported that the federal government shutdown is stalling almost 130 highway and bridge projects in 35 states, delaying aircraft registrations and precluding investigations of transportation accidents.

In the September 30 issue of the *Federal Register*, the FTA and the FHWA jointly published proposed policy guidance and a request for comments on MAP-21's requirement that Metropolitan Planning Organizations (MPOs) in large, urbanized areas must include transit representation on their policy boards. Comments are due no later than October 30, 2013.

In the October 3 issue of the *Federal Register*, the FTA published the Advance Notice of Proposed Rulemaking (ANPRM) on Safety and Transit Asset Management. This safety and transit asset management rulemaking is required by the MAP-21. FTA seeks public comment on its initial interpretations, proposals under consideration, and numerous listed questions regarding: (1) the requirements of the National Safety Program; (2) the requirements of the National Transit Asset Management System, including four proposed options for defining and measuring state of good repair; and (3) the relationship between safety, transit asset management and state of good repair. FTA is also seeking comment on its intent to use a Safety Management System (SMS) approach to guide the development and implementation of the National Safety Program. Comments are due to FTA by January 2, 2014.

STATE

In the past week, Governor Brown has approved two key bills of interest to Sacramento Regional Transit (RT). These are AB 1222 (Bloom/Dickinson), related to FTA grants and California's 2012 pension reform act, and SB 788 (Transportation Committee Omnibus bill).

AB 1222

This bill, approved on October 4, exempts California public transit workers from the requirements of the Public Employees' Pension Reform Act of 2013 (PEPRA) for 15 months, pending a ruling from the federal district court, and authorizes cash flow loans of up to \$26 million to local mass transit providers, to provide funding certainty to transit agencies whose FTA grant funds were decertified and whose federal funds have lapsed.

A key element of the approach implicit in AB 1222 is that it contemplates the State and Sacramento RT challenging in court the U.S. Department of Labor interpretation of federal law that brought about the prospect of nearly \$1.6 billion in FTA grants to California agencies being withheld. To this end, Governor Brown did also announce on October 4 that the state of California had sued the U.S. Department of Labor for improperly denying federal grants to California public transit providers after it had concluded that the pension reforms constrain workers' collective bargaining rights

SB 788 (Transportation Omnibus)

A key provision in this Transportation Committee Omnibus bill was developed jointly by RT staff, Assembly Member Dickinson's staff and Senate and Assembly Transportation committee consultants to clarify that restoration of bus transit service may qualify for an existing statutory CEQA exemption.

Specifically, Section 1 of the bill defines the term "highway" for the purposes of establishing whether or not increased bus transit service qualifies for an exemption pursuant to the CEQA.

RIDE TRANSIT OCTOBER - RIDE WITH THE GM

Oral Report given by Mike Wiley

RT CALENDAR

Regional Transit Board Meeting

October 28, 2013
RT Auditorium
6:00 P.M

November 11, 2013
RT Auditorium
6:00 P.M

December 9, 2013
RT Auditorium
6:00 P.M

Executive Committee Meetings for 2013

Will be approved and scheduled by the Chair
on an as needed basis.

Mobility Advisory Council

November 7, 2013
RT Auditorium
2:30 P.M

December 5, 2013
RT Auditorium
2:30 P.M

Quarterly Retirement Board Meeting

December 18, 2013
RT Auditorium
9:00 A.M

Paratransit Board Meeting

November 21, 2013
2501 Florin Road
6:00 P.M.